

Message Text

LIMITED OFFICIAL USE

PAGE 01 BUENOS 06118 111701Z

43

ACTION ARA-10

INFO OCT-01 ISO-00 SP-02 AID-05 EB-07 NSC-05 CIEP-01

TRSE-00 SS-15 STR-04 OMB-01 CEA-01 AGR-05 OES-03

FEAE-00 INT-05 SSO-00 NSCE-00 USIE-00 INRE-00 CIAE-00

COME-00 FRB-03 INR-07 NSAE-00 XMB-02 OPIC-03 LAB-04

SIL-01 PA-01 PRS-01 NEA-10 EA-07 EUR-12 ARAE-00 /116 W
----- 062334

O R 111610Z SEP 75

FM AMEMBASSY BUENOS AIRES

TO SECSTATE WASHDC IMMEDIATE 2657

INFO AMEMBASSY BONN

AMEMBASSY CARACAS

LIMITED OFFICIAL USE BUENOS AIRES 6118

E.O. 11652: N/A

TAGS: EFIN, AR

SUBJECT: CAFIERO'S PRESS CONFERENCE REGARDING EFFORTS TO OBTAIN
EXTERNAL FINANCING

REF: A) STATE 215465; B) BUENOS AIRES 5921

1. LAST NIGHT (SEPT. 10) AT 7:00 P.M., ECONOMY MINISTER
CAFIERO, ACCOMPANIED BY CGT SEC GEN CASILDO HERRERAS, PRESIDENT
OF ARGENTINE INDUSTRIAL CONFEDERATION CARLOS COQUEUGNIOT, AND
SECRETARIES OF MINISTRY OF ECONOMY, GAVE PRESS CONFERENCE TO
REPORT ON RESULTS HIS VISIT TO WASHINGTON. MINISTER CAFIERO
ANNOUNCED THAT ARGENTINA HAD OBTAINED CREDITS FROM VARIOUS
SOURCES TOTALLING \$820 MILLION. HOWEVER, HE EMPHASIZED NEW
CREDITS ALONE NOT ENOUGH RESOLVE FINANCIAL PROBLEMS WITHOUT
HARD WORK IN FUTURE FROM ARGENTINES. IN ONE PORTION PRESS
CONFERENCE, CAFIERO WAVED COPY GENEVA JOURNAL HEADLINING
"ARGENTINA AT POINT OF BANKRUPTCY", SAYING ARGENTINA MIS-
REPRESENTED ABROAD AND "SOME ELEMENTS WOULD LIKE TO BANKRUPT
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 BUENOS 06118 111701Z

US BUT THEY'RE NOT GOING TO."

2. EXTERNAL CREDITS.

INTERNATIONAL MONETARY FUND: CAFIERO SAID ARGENTINA OBTAINED \$135 MILLION CREDITS FROM IMF EXPORT COMPENSATION FUND, AN AMOUNT WHICH COULD BE INCREASED IN SHORT PERIOD IF THIS FUND IS INCREASED. ALSO ALMOST AUTOMATICALLY, HE CONTINUED, ARGENTINA OBTAINED ANOTHER CREDIT FOR \$85 MILLION FROM IMF PETROLEUM FACILITY. WITH RESPECT THIS LOAN, CAFIERO SAID ARGENTINE DELEGATION WOULD TRAVEL TO U.S. AT MONTH'S END TO MAKE FINAL ARRANGEMENTS. (THERE WAS NO MENTION OF FIRST TRANCHE DRAWING.)

3. IDB: CAFIERO SAID INTER-AMERICAN DEVELOPMENT BANK HAD OFFICIALLY ANNOUNCED IT WOULD PROVIDE \$100 MILLION TO ARGENTINA BEFORE YEAR END (APPARENTLY FROM PREVIOUSLY UNDISPERSED LOAN COMMITMENTS). CAFIERO ADDED IDB PREPARED CONSIDER ADDITIONAL \$750 MILLION FOR ARGENTINA OVER NEXT THREE YEARS FOR PETROLEUM, PAPER, FERTILIZER, STEEL, AND OTHER BASIC INDUSTRY PROJECTS.

4. COMMERCIAL BANKS: CAFIERO SAID COMMERCIAL BANK CONSORTIUM, HEADED BY CHASE MANHATTAN, FIRST NATIONAL CITY BANK AND MORGAN GUARANTY, WOULD PROVIDE \$150 MILLION CREDIT. FIRST NATIONAL CITY BANK'S LOCAL BRANCH WOULD PROVIDE AN ADDITIONAL \$50 MILLION. CHEMICAL BANK, HE SAID, IS ORGANIZING CONSORTIUM FOR PRE-EXPORT FINANCING OF NATIONAL GRAIN BOARD EXPORTS TALLING ANOTHER \$170 MILLION. LOCAL BANKS, MEMBERS OF THE ARGENTINE BANK ASSOCIATION (ADEBA), WOULD GRANT ANOTHER \$70 MILLION LOAN, (MANUFACTURERS HANOVER TRUST AS SOURCE OF CREDITS NOT MENTIONED.)

5. VENEZUELA: CAFIERO SAID VENEZUELA WOULD RAISE ITS DEPOSITS IN BANCO DE LA NACION'S NEW YORK BRANCH TO TOTAL OF \$60 MILLION (WE DON'T KNOW WHAT THEY WERE PREVIOUSLY).

6. OTHER POSSIBLE FINANCING: CAFIERO ADDED FINANCIAL NEGOTIATIONS WITH EUROPE, JAPAN AND SOVIET UNION CONTINUING WITH RESULTS EXPECTED SHORTLY. HE ADDED IBRD PREPARED CONSIDER SERIES OF NEW CREDITS TALLING \$215 MILLION FOR SEGBA AND NATIONAL ROAD FUND.
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 BUENOS 06118 111701Z

7. ARAB LOAN: ASKED ABOUT ALLEGED MAJOR ARAB CREDIT OFFER (SEE REF B), CAFIERO SAID CONTACT INITIALLY MADE BEFORE HE BECAME ECONOMY MINISTER. HE POINTED OUT EXISTING REGULATIONS REQUIRE EXTERNAL CREDITS BE NEGOTIATED THROUGH FIRST LINE COMMERCIAL BANK OF CENTRAL BANK CORRESPONDENT TO INSURE IT IS BONA FIDE OFFER (HE DIDN'T SPECIFICALLY DENY POSSIBILITY OF CREDIT).

8. EXTERNAL DEBT.

CAFIERO SAID EXTERNAL DEBT ON JUNE 30, 1975 TOTALLED \$7,000 MILLION INCLUDING CAPITAL AND INTEREST PLUS ADDITIONAL \$1,100 MILLION FROM OTHER OPERATIONS (SWAPS, WE PRESUME) BRINGING TOTAL TO \$8,100 MILLION. GUIDO DI TELLA THEN COMMENTED THAT CURRENT TOTAL DEBT FIGURE MUST NOW REACH ABOUT \$9,800 MILLION AS RESULT TRANSACTIONS UNDERTAKEN SINCE JUNE 30. (NOTE: THIS PRESS ACCOUNT OF EXTERNAL DEBT SOUNDS CONFUSED AND WE SEEKING CLARIFICATION.) COUNTRY'S DEBT OBLIGATIONS UNTIL DECEMBER 31, 1975 TOTAL \$2,300 MILLION, ACCORDING TO CAFIERO, BROKEN DOWN AS FOLLOWS: FUTURE IMPORTS - SEPTEMBER TO DECEMBER - \$600 MILLION, TRANSPORT AND SERVICE PAYMENTS - \$235 MILLION, PAYMENTS FOR PREVIOUS IMPORTS - \$635 MILLION, CAPITAL PAYMENTS - \$300 MILLION, AND SWAPS DUE - \$530 MILLION. INCOME ESTIMATED UNTIL YEAR END TOTALS \$1,600 MILLION, INCLUDING EXPORTS - \$1,000 MILLION, NEW SWAPS - \$70 MILLION, AND SWAP ROLL OVER - \$530 MILLION. THE ABOVE GAP OF \$700 MILLION WOULD BE FINANCED BY THE NEW EXTERNAL CREDITS, ACCORDING TO CAFIERO.

9. INTERNAL MEASURES.

CAFIERO ALSO OUTLINED SEVERAL INTERNAL MEASURES OF IMPORTANCE. HE EMPHASIZED THERE WOULD BE NO FUTURE MASSIVE DEVALUATIONS, BUT FREQUENT MINI-DEVALUATIONS NECESSARY TO MAINTAIN REALISTIC EXCHANGE RATE AND PROMOTE EXPORTS. HE SAID FUTURE PRICE POLICIES WOULD BE ANNOUNCED VERY SHORTLY. HE CONTINUED PROJECT FOR MODIFYING BUDGET THIS YEAR WOULD BE CONCLUDED THIS WEEK AND ECONOMIC TEAM ALREADY WORKING ON NEXT YEAR'S BUDGET. ASKED IF HE LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 04 BUENOS 06118 111701Z

PLANNED TO AGAIN RAISE PUBLIC SERVICE TARIFFS, MINISTER CAFIERO RESPONDED THAT RATES MUST CORRESPOND TO ECONOMIC REALITIES, BUT IT IS NOT POSSIBLE TO FINANCE ALL PUBLIC SECTOR INVESTMENT THIS WAY.

10. COMMENT: BEYOND FINANCING WHICH CAFIERO ACTUALLY OBTAINED AND WHAT HE EXPECTS TO GET, POSITIVE TONE AND CONFIDENCE WHICH HE EXPRESSED AT PRESS CONFERENCE WAS HIGHLY IMPORTANT FOR ARGENTINES AT THIS TIME. SKEPTICISM CAN BE EXPECTED IN MANY QUARTERS, BUT WE ANTICIPATE MOST ARGENTINES WILL FEEL THAT CAFIERO HAS PULLED OFF A FIRST COUP AND HE WILL NOW HAVE MORE CREDIBILITY AND QUTHORITY AS HE MOVES TO DEAL WITH ARGENTINA'S MAIN PROBLEMS, I.E., INFLATION, UNEMPLOYMENT, DISINVESTMENT, AND FLAGGING EXPORTS.

HILL

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: MINISTERIAL VISITS, BANK LOANS, NEGOTIATIONS, PRESS CONFERENCES
Control Number: n/a
Copy: SINGLE
Draft Date: 11 SEP 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: ElyME
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975BUENOS06118
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D750315-0174
From: BUENOS AIRES
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750959/aaaacaba.tel
Line Count: 170
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION ARA
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 4
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 75 STATE 215465, 75 BUENOS AIRES 5921
Review Action: RELEASED, APPROVED
Review Authority: ElyME
Review Comment: n/a
Review Content Flags:
Review Date: 03 JUN 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <03 JUN 2003 by ifshinsr>; APPROVED <17 OCT 2003 by ElyME>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
06 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: CAFIERO'S PRESS CONFERENCE REGARDING EFFORTS TO OBTAIN EXTERNAL FINANCING
TAGS: EFIN, OVIP, AR, US, (CAFIERO, ANTONIO)
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006